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TRANSCRIPT OF PODCAST

WORK WITH PURPOSE

EPISODE 158

TRANSCRIPT

David Pembroke:

Hello everyone and welcome to Work with Purpose, a podcast about the Australian public sector and how it serves the Australian people.

My name is David Pembroke. Thanks for joining. Today, my guest is Rob Heferen, Australia's 13th Commissioner of Taxation. A man who has spent more than 35 years in the Australian Public Service and he's now the custodian of one of Australia's most important processes, which is tax collection and administration.

Rob stepped into the role in March of 2024 with a reputation as one of Australia's most experienced tax minds, someone who can talk tax policy, economic systems, or regulatory design. But in 2026, being commissioner isn't just about revenue refunds and reminding Australians that the ATO does know when you forget to list that second job. It's also about navigating the brave new world of artificial intelligence in government.

Where the ATO is taking what it calls a, quote, measured and cautious approach to using AI responsibly and transparently. According to the ATOs AI transparency statement, the office uses AI to process huge volumes of complex data, support compliance, and power tools like their virtual assistant, Alex. But they're very clear that AI is there to *help* humans not replace their judgement

So as we dive into today's conversation, we're talking with a leader who understands not only the mechanics of Australia's tax system, but the responsibility that comes when using powerful new technologies ethically, transparently, and always in service of the Australian people. Rob Heferen welcome to Work with Purpose.

Rob Heferen: Thanks, David. Pleasure to be here.

David Pembroke: Listen, we like to get to know our guests before we get into the work. So what is the Rob Heferen story? Yes. You've been a public servant for a very, long time, but take us back. Where are you from?

Rob Heferen: Yeah, sure. So I'm Tasmanian by birth.

David Pembroke: Whereabouts?

Rob Heferen: Well I was born in Hobart. But when I was 4 my family moved to Deloraine. A little town in the Northern Midlands.

Idyllic part of Tasmania, which of course then makes it idyllic part of Australia.

David Pembroke: What did your parents do, or your dad do?

Rob Heferen: So dad was a pharmacist.

David Pembroke: A farmer? Oh, a pharmacist.

David Pembroke: As the pharmacist in that town, what sort of role did he play? That's certainly the pharmacists have always been leaders of communities, haven't they?

Rob Heferen: So there were two pharmacists and he was in a partnership with another guy, Ian Hewitt, so Heferen Hewitt pharmacy. and so it was quite a, it was quite a prestigious role and in those days a lot of people when they had sort of medical ails would go along to the pharmacist.

And so they were sort of defacto doctors or GPs and there was, I'm sure everyone's got an anecdote about a small town pharmacist and GP, but there was a situation where one of the GPs was very longstanding in the community, too longstanding in the community, and had a morning where everyone got the same script.

So people would come and have their script filled and the pharmacist had to sort of do a bit of reinterpretation of well actually, you seem to be a slightly different ailment to the last one. So I suspect there might've been something going on here. So, yeah.

So yeah, you know. And also he was a really good tennis player, so he was president of the tennis club, and he and my mother were both very good tennis players.

David Pembroke: You any good?

Rob Heferen: Oh, look, as a kid, well, my claim to fame as a kid, I actually, had hit against David McPherson. Who ended up being, 'cause Ian McPherson was his father so David ended on the tour.

I was about three years older. David couldn't quite see over the net the time.

David Pembroke: And you beat him?

Rob Heferen: No, he held me up six / one.

So that one game I won though, it was pretty good. So, not too bad.

David Pembroke: You still play?

Rob Heferen: Nah nah. Broken down. Too many years of playing rugby. Yeah played a lot of rugby. Because I played Aussie Rules in Tasmania. But I found at university, I was too fat to play footy.

I even dropped the seconds and ran behind the play hitting people.

So they thought I was no good.

So in my final year at university I took up rugby.

Which, let's say, my shape was more suited to.

Than when I came up to Canberra, I kept playing rugby. Played up here for quite a few years. And accordingly, you know, knees are broken down, shoulders are broken down, back's broken down.

David Pembroke: Hopefully the mind's okay.

Rob Heferen: Well course I play in the front row where as we know all the, that's where the intelligence goes in the rugby world, you know, the fallback as you can, doesn't matter who's there, but as you go the further, further down the numbers to three, two, and one yes, you know, intelligence gets higher.

David Pembroke: Indeed it does. So listen, the journey from small town Tasmania through to university, when was the thought that public service was something for you?

Were you good at maths? Were you good at history? What sort interest did you have as a kid apart from playing tennis and sport?

Rob Heferen: Yeah so, at school I was lucky because my family side was a fraction dysfunctional, so I read a lot. And I have got older sisters, my eldest one, six years older. She taught how to read, taught me how to do maths, taught me a whole bunch of things. And so school, I enjoyed and did quite well.

In those days in Tassie, once you did grade 10, or in fact once you turned 15, it was pretty common to leave school and join the workforce. You'd stay and finish grade 10, really, if you're thinking about a tech college or matric, I went to matriculation college. So I did school in Deloraine, Deloraine Primary and Deloraine High, then 11 and 12 in those days: Matriculation College in Launceston. And really that was designed, not completely, but in the main for kids who then wanted to go onto university. So they went down to university in Hobart. And I didn't really know, like I enjoyed maths. My student counsellor did tell me with the story of, we got good marks, so you should become a doctor or a lawyer.

David Pembroke: Mm-hmm.

Rob Heferen: Neither interested me that much.

David Pembroke: Were they good enough marks to be able to do that? You could have chosen to do those?

Rob Heferen: Oh, well, I could've applied.

And you know in those days in Tassie, in law you just had to do an undergraduate degree in another discipline.

Medicine was different.

But then my second year of matric, I just enjoyed maths. So I did end up doing three lots of math subjects. Went to university to do maths and philosophy. And then I did have the voice of my student counsellor in my ear thinking, well I better do sort of a trade. So I did law as well.

So I did arts law. Didn't really like the law, but, it actually ended up being a fascinating learning experience. But love philosophy. Always had in the back of my mind of going back to university and doing, you know, becoming a philosophy professor. But, as it turned out, I'd joined the public service to basically get some money.

Yeah, came to Canberra, interested in government.

David Pembroke: Tell me that story going back So you'd finished your degree and it was like, okay, what am I gonna do here in Tassie? Or you find a job like a job ad, and thought, oh, that looks a bit interesting.

Australian public service?

Rob Heferen: Yeah. So I'd done a combined arts law degree which was a five year degree. I'd done that and I always going to do honours year in philosophy. But then we had people coming through the law school my final year. A lot of mainland firms coming over to try and get people interested in their graduate programmes.

This was just before the '87 crash. And anyway, they all seemed to be a bit sort of... they didn't seem to be my kind of people, they seemed to too focused on, you know, making money. And then we had this guy from the

tax office turn up in a dark suit, turns up and talks about, I'm sure he didn't talk about it, but my memory of it, it sort of goes along the lines of he was talking about the importance of the tax office and how important an institution it was. And so then he finishes and people can ask questions and one of the questions from one of the Victorians, 'cause we had got a lot of mainlanders come down to Tasmania to do law. Didn't quite get into Melbourne Uni they to Hobart Uni and the question was along the line, well how much do you make? Which I thought was exceedingly rude.

And this guy, in those days in the tax office, there was the statute bar. So you couldn't progress beyond a certain level unless you had a degree. He didn't have a degree.

And so he was at the ASO 5 level and so said what his salary was.

Which, for the people doing law and wanting to become partners and stuff, wasn't a lot.

And then he said something, and this is memory, he said something like 'but if it's money you're interested in the tax office is not the place for you'. We're about a broader purpose. And I remember thinking damn. I'm gonna apply for that. So I applied for their graduate round, didn't get a job, which I guess was lucky in a way. So I go back and do my honours year and love that. And then went through the, in those days they do the public service exam, graduate exam. You do that and then a range of places can...you're on a list and people can contact you. You put down preferences and people can contact you about if they're interested.

I was still bitter about missing out, so I didn't put the tax office as one. I put customs down as one and I got a call from customs and went there as a graduate. So I came up to Canberra for that.

David Pembroke: And in terms of that moment where it was like, it's not about money, it's about purpose, it's about mission. Do you reflect on that and think, why did I react that way?

Do you ever think about why you had that as such a driver to make such an important decision?

Rob Heferen: I think the way I was, I can rationalise it now with, Michael Sandel, the philosopher who's written this great stuff about, the tyranny of merit and the idea being that if people convince themselves we live in a meritocracy, and the idea that people who get ahead deserve it, then people who don't get ahead well, they must deserve that as well.

And when I went through school, I was lucky in that I had an older sister who actually basically schooled me before I went. And then when I was at school, I had this run of some really good teachers who would, you know, extend people who needed to be extended. And I was one of those.

And others didn't have the same start I had. They didn't have a house full of books. They didn't have a, you know, a sibling who would sort of look after them. And there was that classic, not on religious, but that classic, 'There but for the grace of God go I', and just thinking, well, there's gotta be... there's something about the sense of equality, fairness, justice, that's so important. I'm not really gonna be after money. I wanna actually do something that has a broader effect and broader purpose, and provided I have enough money to live reasonably comfortably, I'll be happy.

And that feeling has never lost me. So I guess I'm lucky in that respect. I've never really had roles where I've sought other roles because they're, you know, better paid. I've typically gone and thought about roles which sort of interest me. And, I think I can make a difference.

David Pembroke: So you arrive in Canberra, what year was that?

Rob Heferen: 1989.

David Pembroke: 1989.

Rob Heferen: Year of self-government and the Raiders first flag.

David Pembroke: A very different place to what it is today. What did you think, what was the young lad from Tasmania, what were your views? Had you ever been to Canberra before?

Rob Heferen: No, never been to Canberra.

Been to Melbourne a couple of times at school to go and watch the footy.

David Pembroke: Which team, by the way? AFL? Collingwood?

Rob Heferen: Collingwood.

David Pembroke: We might end it there.

Rob Heferen: Well, you know, when I talk people about, people do counsel me though, we talk about sport.

It's quite divisive. And then we talk about contact sports, even more divisive. Then Australian rules, even more divisive. And finally, Collingwood is the most divisive. But, deep down, everyone's a Collingwood supporter.

So,

I'd been to Sydney a couple of times and Brisbane, one stop in Perth once. So I hadn't been...well I'm from Tasmania, think about overseas. Hadn't been to the mainland a lot. And coming to Canberra, the size of it just struck me. 'Cause Hobart's a pretty compact city and Canberra's so spread out and so big. So many, traffic lights, so many roundabouts. And just the complexity of getting around, for someone who was used to, sort of a confined...like in Hobart when I was at the university, it was at Sandy Bay. Sandy Bay into the city: a walk, you know, reasonably long walk, but a walk; didn't really need to do much else. And coming to a place where to get around was so difficult. So the size of it struck, which I know is odd.

Most people come to Canberra, think it's quite of small. If you come from Tasmania and you spend most of your time in Deloraine. Yeah. anything looks big.

David Pembroke: So the job customs what did you start with? What were you asked to do?

Rob Heferen: The graduate programme was three different areas.

And the idea was that the last area, your final () () - so three month rotations - the final rotation would be the area that you'd stay in. And because of law, my final rotation was in the legal area, my first rotation, barrier control, which was the national office programme. Thinking about basically cargo control and the systems for cargo control, which is fascinating.

And then the second one was tariff concessions and quotas. So back in those days, in 89, there was still the tariff. And if you were a manufacturer something that didn't, no sorry, you're importing something that didn't have sort of anything about local competition - so it wasn't local goods that was suitably equivalent and reasonably available - you could apply to have the tariff reduced to zero because there's no Australian industry to protect.

But to do that, yeah, they'd fill out a form and pull the stuff in. Then the area I went to were the ones who would make the determination about could you get the duty free entry. So that was fascinating. I remember my first day there, a task was a graduate. They were still working through what graduates could do.

There were a bunch of forms where people had filled out, a lot had filled out by, in fact, all of them had filled out by hand. And my job was to make sure the boxes were filled out, not to do any assessment of whether it was right or not, or whether

David Pembroke: inside the line. Inside the box.

Rob Heferen: Yeah, it was not that taxing, but as I, you know, went on there by, through few months I ended up getting some more challenging stuff to do, but it was great. And then I went to legal area, which I loved. And, that was one where the sort of the practical application of what I'd learned at law school really came home to roost.

And I thought, ah, that's what they were talking about. I see now.

David Pembroke: But you ended up... when did the economics and tax sort of expertise start or did you start to think then, ah, hang on, maybe this law thing is for me after all?

Rob Heferen: Well, I was in an area that, when I was in the legal area, we had an area that basically did the, worked on legislation.

So I did the drafting instructions for legislation where there's new policy you'd work closely with parliamentary council and the policy area, which is typically department of industry to make sure that the customs legislation and the customs tariff and the excise tariff would actually deliver what the government wanted done.

So it was this kind of, very technical, looking at dense legislation and figuring out how you should change and then dealing with the parliamentary draughtsman to get the stuff done. and it was this, like genuinely niche bespoke thing. I loved it. Because it was a real sort of technical exercise and I did a lot of stuff on the excise tariff, so taxing, you know, spirits and beer, and fuel and tobacco and so forth.

And so after about four or five years, I'd got promoted pretty quickly. Then an opportunity came up at the tax office, at the, in those days, the Senior Officer Grade B or now being EL 2. And I applied for it. And the person I dealt with at parliamentary council to do the drafting, he was one of my referees in this area in the tax office because the tax act is so big.

I mean, I'd done a lot at customs, but tax office was the next level and they had very close dealings with parliamentary council. So the fact that the person at OPC, Office of Parliamentary Council recommended me for the job was basically what landed me. Yeah. And so I was... I went there and so it wasn't tax per se, but it was the techincal aspects on how do you actually make sure it delivers on that? And with tax, of course, because what the government typically wants to do is take money off people. It has to be absolutely certain that what's there is water tight. That's where I got that interest in tax. And it was enhanced the first few years. And then I was one of a lucky group of four that got seconded office to sort of the secret team in the Treasury, in 1997 to work on what ended up becoming ANTs, the, GST and income tax cut package.

So, because I was working on sales tax and a few other things and had some understanding new excise, they were kind of core parts of what was to be done. And so I, you know, lucked into that.

David Pembroke: Tell me that story about being spirited away to a, you know, the bottom of the bow? Was it the bowels of Treasury?

Rob Heferen: We're now, we're in computer associates house.

David Pembroke: Oh, okay. Very good.

Rob Heferen: Yeah. B of the uilding itself. indeed. And so,

David Pembroke: wonderful sponsors of the Brumbies Computer Associates.

Rob Heferen: Yeah. And then

and in those days, yeah, it was, Computer Associates house and we were, we occupied a spot on the second floor,

David Pembroke: No name on the door,

Rob Heferen: Names, sort of double swipe into one, into another. Okay. And then the core team, which was Henry, was then a, band two officer in charge, the core team. There was about half a dozen of them, and they sat by, in this area behind frosted glass, actually hada special, extra special swipe to get in there.

And then they were supported by, I don't know, probably another 15 or 20 of us that would actually do a range of tasks and do the research on things for that team to sort of process and then can, and a few of the senior people to go and then, talk with the Treasurer and, Teasurer Cottesloe, Prime Minister Howard, when they got things, specifically refined.

And, so that was just, that was quite an incredible experience. It was surreal, sort of going to this place with sort of no name. You sort of had to sneak in and,

David Pembroke: Were you told, don't, you know, you can't talk about it?

Rob Heferen: of the initial things, I mean, tax takes its security very seriously.

Very seriously. Yeah.

David Pembroke: As it should really.

Rob Heferen: Oh yeah. But, Treasury in those days was sort of another level. I remember the very first discussion, Bill Tarpley, who was head of security gave us a lecture about moats.

You know castles and moats, and the various moats. And the clear one is you never tell anyone what you're doing, but then in the building there was the physical sort of stuff.

And then also even once anyone could penetrate it, then the whole thing about it completely cleared as policy, making sure things are locked away, all that sort of stuff. So that was, that was drilled in, very, firmly. And, I mean at tax we did that anyway, but because, I guess because he was an extra sensitivity, not just about the risk of revealing people's personal information, but the risk of revealing something that.

Very secret that the government was interested in, took it another level.

David Pembroke: The process of doing that how does it work?

How did you pull all it all together? How, were you tasked to do work? What work did you do?

Rob Heferen: Yeah, so the PM I think early on had issued a document. I don't know how broadly it went.

I dunno if it just went to Ken and Ted Evans the secretary. But it issued sort of more or less the, fundamental struts he wanted to have a tax reform package about. and then well Ken was the, the leader of this group. And Ken, I think in his own mind had, you know, he had a very firm view, I think, of what.

Good tax reform would look like. And he was supported very avidly by other senior people.

I was more junior, I was a few steps down.

But it was clear the PM and, the Treasurer, the then Treasurer, wanted to you know, wanted to have broad based consumption tax.

They wanted to cut personal tax rates.

They wanted more competitive business tax system. So in those days, the corporate rate would've been 36%. And there are a range of other things they want to do and simplify the system and have it more modernised and so forth. So a set of things that they, that the, with those you need, the, obviously the, government needs to have a sense of where it wants to go and what it wants to do.

And then the task of the, like the bureaucrat is to figure, okay, that's your broad objective. What needs to be done to fulfil that? And then importantly, how do all the numbers add up? And,

David Pembroke: And how were you thinking about that? Or what pieces of work, or what questions were you answering in assembling the broad based consumption tax?

Rob Heferen: So through my role, a lot of it, a lot of it was on the excise side. Okay.

David Pembroke: That you, you were the excise guy?

Rob Heferen: Yep. I was the one who sort of knew that the best. And so if, you know, if a broad based consumption tax comes in, that changes prices, what he then do with the things that are ex sizeable to either increase the price or not increase the price as the case may be, you know, the sensitive putting on the 10% tax.

There are some products the government really didn't wanna go up in price. and so what, cuts need to be made, what change the excise needed to be made. So a lot of mathematical stuff about it, but also the conceptual thing. Make sure it's the right bucket of things. but then more and more got drawn into the design itself.

And so once you sort of start with a broad based consumption tax, then they think Yeah. but lot of the, tricky to deal with issues, so we have a lot of government service provision that's effectively zero. But you also have private provision, which is charged for. What do you do with the GST?

So, really simple example with, schools. You can go to a state school, not pay anything, go to a independent school and pay a fee. If A GST goes on, well that one goes up But the government doesn't change. Yeah. How do, how does one think about that? And other jurisdictions, what they would do is actually, sort of treat it so well, they get registered for the GST or the VAT and other countries, but they can't claim any of their inputs back as input tax credits.

And so everyone's kind of kept the same. Australia, the government decided, I think, Treasury's, advice to have a much pure system. We tend to have much pure systems. So we had a much pure system that said, well, no. If

you're registered, you then, should get all your input. All the stuff you purchase that's tax embedded, you're able to get that back as a refund.

but then the quid pro quo is, well, actually there's some things you shouldn't actually put tax on the output as one. So schools to this day will remain GST free. and that, that's so against, so across, you know, childcare and health, range of other, a lot of health services, they're GST free on the base.

You didn't want to upset that, the relative prices that would occur between a heavily subsidised government provision and private provision. But actually getting into that, as you can say, it's precisely what.

We spent months on this. And then when the legislation's going through its passage we had to deal with the Democrats to get the legislation passed. And food was to be exempt. And the health, some were broadened a bit, but that was sort of, that was stuff really at the edges.

But the months we took to sort of think about those GST three areas, there were a few weeks to think about food. That was sort of a that was a, much more challenging, challenging sort of thing.

David Pembroke: Yeah,

Rob Heferen: We had the opportunity to talk and consult a consultant, a relatively narrow way with a range of stakeholders on the ones which always clear, but then the food one had to be done in a rush.

So

David Pembroke: With that passage of that legislation as a public servant, do you reflect back on the moment?

Were you in the house? you looking at it? Were you sitting with your colleagues thinking Well done team?

Rob Heferen: Yeah. so the original one when, you know, that great Tasmanian Senator Haine got up and said, you know, I can't support it.

We were watching on the telly head at, computer station out thinking, damn, so that's a bummer. fair bit of work. Gone to, gone down the tubes. but of course, you know, the,

David Pembroke: He was very good at no until it was yes.

Rob Heferen: Yeah. But the persistence of, you know, the Prime Minister and Treasurer to say no, this is something I want done.

and so when the thing finally passed, yeah, it was a, there was this sense of, and almost irrespective about the merits of the GST, whether there's the right design, whether there was the right level, whether it was, you know, tax consumption was the right or wrong thing. I mean, I mean, luck as a public servant, you can get in this particular junior public servant, you sort of, this, well, well, whether it's good for the country stiffening up the consumption had to be good, but. The fact you were part of it and the fact that it actually landed, that was, pretty special. But then of course, we all knew that it was basically a year until the until it came in. And then I was basically transferred over to Treasury at that time, I was full-time in Treasury.

David Pembroke: Right

Rob Heferen: And that enormous implementation office had to do. Yeah, I mean, that was just, it was sort of the biggest single change our system had. And, it was like overnight on the 30th of June, 2000 to the 1st of

July. You know, the millions and millions of things that had to change price in supermarkets and shops and everything.

It was just this enormous charge.

David Pembroke: So you headed back to the tax office for the implementation, or you were watching from across the lake?

Rob Heferen: Yeah, I was.

I stayed there and then did a few other jobs in tax.

David Pembroke: In Treasury? Oh, Treasury tax. Yeah. Okay. So, the tax policy side.

Rob Heferen: Yeah.

You know, oh, we were always confident the tax officer would get it done and the country would get it done because even then the tax office sort of regarded as this you know, the, administrative machine That would actually get stuff done.

And so there was not really any kind of concern or doubt, but there was this sort of sense, but what are the glitches gonna be? And where are they gonna pop up? as it turned out, there were a few, but I think people looking back, it'd be hard pressed to say, oh yeah, but this thing was, you know, fundamentally flawed.

David Pembroke: Yeah. So how did you get back to tax? To the tax office?

Rob Heferen: So, when Chris retired a couple years ago they advertised the job.

I always wanted to go back but never found the right role. And I got these great jobs in Treasury and did a lot of tax policy Ken chaired in, 2008. So I headed up the team that supported Ken and the panel doing the Australia Future Tax System review. And, it was, you know, a fantastic experience and and I always kinda wanted to go back, but there was never the quite right timing or role.

Yep. Until I'd got to the stage where Chris had decided to, retire, government advertised it and I thought that'd be a good job.

David Pembroke: Take me to your application. What did you say in your for the job? Why were you the man to be the next, the 13th?

Rob Heferen: The 13th. Yeah.

Well, it was my lucky number, was born the 13th.

David Pembroke: What was your story that convinced them that you were the right guy?

Rob Heferen: Well, it's, hard, obviously hard, but I, think my history in, my history in tax, which is very long. So, and of course the tax office now does excise and I'd been doing excise back in 1980.

1991.

David Pembroke: Yeah.

Rob Heferen: I knew a lot about it and I knew a lot about tax system. I had a little bit of experience in tax, which I think helps.

David Pembroke: But that's expertise. That's one piece of the puzzle. Yeah. Obviously it's a huge job that you lead a very large team, so you must have had a bigger story to tell.

Rob Heferen: Oh, yeah. And there's, you know, I've been fortunate to be a deputy secretary across about four or five departments, and so I've seen a lot of organisations, being on the kind of executive committee of a lot of government departments, ones that worked well, ones that needed to change, and I think I'd, you know, acquired a reputation for being able to deal with issues, being able to help, leaders manage an organisation.

And the two years prior, I was the head of the Australian Institute of Health and Welfare, which is basically a, data analysis organisation.

David Pembroke: Yeah.

Rob Heferen: So I'd actually been a CEO and I think one of the shifts is the mindset being a 2IC and a CEO. Completely different and I was fortunate to have that two years of experience.

David Pembroke: Yeah.

Rob Heferen: The first among them, very lucky, and my suspicion that the combination of sort of long-term experience and knowledge of tax was something that he decided to go for. But as to actually why, you have to ask

David Pembroke: him.

Maybe I will. Hey, I, do wanna come to technology and changes of technology because, you know, I'm thinking back through your career we'd be going, I imagine from the typewriter all the way through to what we're seeing today and we're dealing with and the opportunity of, technology.

But before we come to that, what makes a good public servant? What's a good public servant to you? what should people be aspiring to be in their daily work to do the best possible job on behalf of the

Rob Heferen: Australian people?

I'll come to four attributes, which I think good public servants should have, but the overwhelming thing is that sense of really being keen on doing something for a broader public interest. But in the Australian en environment, always being really clear about how a public servant is there to support the government the day. and not front run the government the day. So the idea of being a civil servant or public servant, you actually serve the government and through the government, the Australian people. So if unfortunately we've gotta have strong views on a range of things, but if you have strong views on particular policies, that by their nature can be contestable in the political domain.

In my experience, it's very hard for people to be really effective because they can't help but almost flip over to an advocacy role. And once you're an advocate, it's very hard to be a good public servant. But you have to have, sort of faith in our system, and belief in our democratic structures, but also what is in the public interest and what should I really be focusing, you know, time and effort on?

Yeah. But then I think there are these four things. The first is making sure you develop expertise and you develop really quickly. Like the idea of every public servant has to be an expert in their domain. They have to

be sort of stuffed full of knowledge that is relevant to their job. The second thing is always keep that in perspective, because all of us can dive into something and it becomes the most important thing in the world. That capacity to stand back and say, ah, yeah, but, I've got this expertise. I've gotta have perspective, how important is it in the scheme of things. How does it relate to other things? What's actually going on in my team, in my department, in the government, and how does my stuff fit in?

Then the third one, and going through being both a lawyer and I did postgrad stuff in economics through my time at the Treasury. People often talk in code: lawyers talking code economists talking code, technologists talking code. And the idea of communicating, so the idea of the person who's receiving the information, understand what you're saying as opposed to, but I spoke very clearly. it really well. They say, yeah, but it didn't make any sense. You talk about dead weight losses to people, it actually doesn't really mean anything. So that communication thing is really important. 'Cause we kind of slip into talking in code. 'Cause you work people doing the same thing.

It's efficient, it's simple. But then when you've gotta actually make a mark on others, you gotta be able to give the message in a way they can understand it. And then the final one is teamwork; that you gotta always be people you wanna work with. Becuse if, I think, most people worked for someone they didn't really like, they didn't wanna work with, they have team members they don't like the way they do things. That can be toxic in a work environment. But if you always set out with idea, I wanna be someone people work with, not 'cause I'm nice, not 'cause I, you know, do the right thing and say hello to people, but because you're reliable, you're a go-to person. You're also nice and get on with people. But that idea of actually having someone in a team, that people can rely on, 'I know if I get them to do it, they'll do it'. They'll collaborate properly, they'll talk to the right people, they'll bring people along with them - that's that fourth trait. So those are the things for a good public servant.

Now that's probably any good knowledge worker. So maybe the thing that changes the public servant from others is that sense of

David Pembroke: is that mission piece?

Rob Heferen: I want to be part of doing something that's bigger. But the lawyer, the doctor, they're dealing with, I think, case by case. Whereas the public servant is the opportunity to think about the system as a whole. And how do we influence that to try and bring around better

David Pembroke: And there's that joy isn't there of that sort of infinite interest.

As in, you know, any door you walk through, it's like, oh, here's another problem that's really interesting.

Rob Heferen: Yeah.

David Pembroke: Can I, apply myself to this? And as you say, jump into it and get after it. Because that is, that is the joy of a life in public service. You never run out of interesting things to do.

Rob Heferen: The challenges are always there. are always there.

David Pembroke: The people are challenges as well, you know, it's complex, isn't it?

It's difficult to make things happen in a people rich environment where you're trying to be effective.

Rob Heferen: Absolutely. And, one where the, you know, the risk asymmetry is profound. If you're running a business, I admire those who do, you can take some risks.

And if it doesn't work, you can say ah well, I can learn from that.

But you're not the decision maker. In a lot of public service, the decision maker is actually the government of the day. A little bit less with us, but in general.

And that's where if something goes wrong, that can be very difficult for the public servant.

If things go right, there's often the expectation of so they should.

So there's a lot of very cautious, very careful approaches from public servants, which sometimes is exactly the right thing to do. Occasionally can be a bit, you know, stymied.

David Pembroke: Yes, indeed. So let's, get to technology and ai because it really is transformational. And I think all of us, everyone listening, understands that in their private life their business life and everything else, and really you and I are probably similar ages you know, we started our careers when there were typewriters and triplicate, and Tippex and other back in the day, pre, pre-computers. And now we live in a completely different world. How are you thinking about technology and how it can help you in your role as tax commissioner and indeed, how it can help the thousands of people who work for you?

In service of the government, in the interests of the people?

Rob Heferen: Yeah. there, there are a couple of strands I wouldn't mind unpicking. One is that because of the benefit of joining the workforce and the professional workforce in 1989,

David Pembroke: Yep.

Rob Heferen: the typing pools have been phased out.

Yeah. But computers weren't common. And then when the typing pools were abolished, I came in where basically every director, so, senior office grade EL 2, would have a stenographer like an EA who were people who had come out of the typing pool, overwhelmingly female. and when you did something, you would write it by hand and give it to this person.

So she was in my work area, she was kind of the mini, typing pool. But it was just one of us. and, so you learn very quickly to get your stuff done quickly. You had to do, you know, the right thing, please. Thank you. Smile, yeah, sort of be nice, didn't matter. And, it was quite remarkable to see how many particular older blokes in my area didn't understand that was a basic, and they could never understand why.

Their thing was always at the bottom of why I'd always get good treatment. And I thought, well, actually a bit of chat.

David Pembroke: You wouldn't have told them, I'm sure.

Rob Heferen: Of course thought, well, they figure it themselves. I mean, I, must have confessed I didn't realise that was the case until I was told.

David Pembroke: You're just a polite boy from Deloraine.

Rob Heferen: Exactly, Sort of think, oh, I've got a air conditioned office. This is pretty cool. first I really come across air conditioning. and then, but, and then the, computers came in, then email came in, then the internet came in. And so at each steps we kinda see these were quite profound changes the workplace.

But at the time, going through it, it didn't really feel like it. Yeah. Looking back, actually that was a pretty profound shift. But because you know, these changes happen incrementally day by day, I think is an important thing to always keep stuff in perspective. We've gone through these massive technological shifts and you know, the chronicles can look back and say, ah, but look at that shift there and look at that shift then and look at that shift there.

But it's very hard to pinpoint exactly when it occurred, except for, COVID. And so they're working from home, think is probably a more dramatic shift.

David Pembroke: Yeah.

Rob Heferen: But these sort of things just happened. And then people get to use the technology. They think, oh, this is actually this is better than sending a letter. I don't have to go to the library. I get to look up stuff straight away. How good's that. And so now we're, and say with AI now, I mean the tax office we've been users of AI in one sense for quite a while. So we have this very sophisticated data matching capability. So, you know, when people have, different employers, we come, it's pretty straightforward to match that and make sure that people, we pre-fill their tax return.

We put it all together. If people, don't declare things, sometimes it's relatively straightforward to find out. So our data matching capability is very good.

David Pembroke: So when would that have... that journey? Because the tax office has always leaned into technology probably because it has to because of the amounts of data that it's got. But goes well back...

Rob Heferen: Oh yeah. Data matching would be ever since sort of the foundation Yeah. Foundation what we've done more recently. But still going a fair way back is that, a lot is about the individual. When individuals pre-fill their, their tax return, do it online, we now have the capacity, to.

Basically check what someone's putting in, so for their work related expenses. So our system can look at it and say, oh, it looks at similar sorts of income, similar kind of job, at that year and years previous and say, oh, that seems out of whack, and sends a message to say, are you sure? So it's this real time sort with people and some might be Sure some, oh, they've got me.

But so that, that's sort of, that's beyond the data matching is sort of almost the static thing. This is sort of a machine learning capability. now we've had this in place quite a few years. we've spent a lot of investment attention making sure we recruit really good people with the skills, both from a digital point of view and sort of an analysis point of view to build that capability.

And it's really worth it. Because that means, I mean, 'cause when you've gotta chase stuff on audit, it's very difficult. The money's gone, you paid the refund to try and go and get it is tough. Preventing it going out in the first place. Prevention always better than cure.

David Pembroke: Yeah.

Rob Heferen: And so, that's, really quite sophisticated now, again, both that data matching and that machine learning.

We, we are talking about real taxpayers with their real information. So we have to have extraordinarily rigorous data protocols, making sure only a certain number of people can do that. properly, you know, trained, qualified, and then all the security to make that none of that information could ever become public.

Yep. It's just between the taxpayer and the tax office. Because one of the things about having this, enormous powers we have is that sort of social contract about, well, you give us all your information Yeah. And keep it secure and no one can ever find out about it. If that's broken, a big, that, that could potentially be a big problem.

loss of confidence, people saying, well, should I really hand this stuff over? And at the moment, we're, we treat that really well. We do that very well. I don't wanna be arrogant, but I think we're sort of one of the leaders in the, in the service about the sophistication around the data and the use and the data governance and so now, contrast that with the general use of AI. Yes. And in that we're, we're very conservative. I remember when I went to the tax office from customs back in 1994, Microsoft had released its, its email. And so you could use email. And this was an innovation, you know, you could send an email so they didn't have to write the letter and send it.

I went to the tax office, had a system called Higgins, which was internal email. But he couldn't go outside the tax office. And I'm thinking, well, hang on a sec. What's the good of that? So, oh, I imagine the risks if, you know, people in the ATO could go outside the ATO with an email. So well custom seemed to manage it.

Okay. But yeah, I didn't think much of it. And then gradually, you know, the outlook was used, then when by then, basically using the internet. And, and the tax office, if you weren't an SES officer, you'd have put a business case forward to use internet.

'cause it's concerned about, hang on. So if we let people use internet, imagine what could happen. I don't have people sitting, you know, looking at stuff on their computer, whatever. But, so, yeah. and the, in a way, I think quite properly where, 'cause we're a big, very decentralised organisation. and the idea of us being quite risk averse, I, actually think that's probably the right thing.

Because, You know, we hold information about people that we've gotta be really careful about. And I think there is this sense of, well, you do want people to be very prudent in what they're doing. So now with AI, I mean we've got areas that have quite advanced, but they're select areas in the organisation.

David Pembroke: So what areas, are they more the analytical areas?

Rob Heferen: Yeah. Yeah. So we have, one probably called Smarter Data, which is with data analysts who do a lot of work on, on, you know, tools and, you know, machine learning and particular analytical tools to get us, give us insights.

And they'll work very closely with their compliance counterparts in our compliance area. But in the tax office, they're very, profound, understanding of the need to know principle. So, for say I don't get access to any taxpayer information Except my own. 'cause I don't need to know.

Yeah. and any person at any level in any role it's, we're very careful about making sure that any unauthorised access is, you know, monitored and dealt with really quickly. so our compliance areas together with smarter data, they'll do a lot of that work. And of course, the people in our technology area who need to assist them building the, building the right tools.

But when it comes to general use, we're, I mean, we're, we kind of know the lessons you know, businesses that are really good users. I say what you have to have, it has to be kind of ubiquitous. It has to be top down leadership. They have to see the leaders in the organisation actually use the stuff, be comfortable with it.

It's equivalent of email. You know, it's gotta go down through the, and people have to basically get access, and not with taxpayer information, just general information.

Gotta form as part of you day to day work and at the moment I'm still catching up, so, there's a task .

David Pembroke: Trying to find it into your work.

Rob Heferen: And, and there is a bit why I don't... to actually do my day to day job, I probably don't. But to be the leader of an organisation that we need to have that shift. I do. And so that's the.LL

David Pembroke: But so you then there is a programme of implementation of which you are, part of which is rolling through the tax office, how are you using copilot and what functions you're using.

What benefits are you, well, what anxieties are you seeing? What benefits are you seeing, you know, culturally, how is it going efficiency, productivity, how is it going?

Rob Heferen: I think there's probably an anxiety with some people about, oh, this will, you know, this will take job.

That's

David Pembroke: Right, what do they call it?

Identity threat, whole sense of it's coming for me, so I'm going to, you know, drop anchor and I'm not gonna touch this thing.

Rob Heferen: Yeah. I think it'd be fair to say that every technological shift I've seen in the workplace, nothing has ever... in fact, jobs are created. It's just different. They're just different. And, there was, this is this capacity of saying, okay, if we used AI to do some very generic stuff we can partner with our AI agent to get some generic stuff done. That simply takes time, and that can free up time for you to genuinely think about things that's actually gonna improve the sorts of jobs we do. And so we are looking across the organisation, okay, where do we, have stuff that is sort of repetitive, where it can be actually outsourced to a machine. Where can we have that replaced and what does it mean our people can move onto?

And across our entire workforce, we've got people looking at, okay, what is it we can actually do to improve our, speed accuracy and our processes?

And I'm pretty sure that we'll get to a stage where we'll get buy-in across the organisation because people will just see Better roles. more interesting work and importantly work that you can more easily identify, well, actually I'm getting a more sophisticated thing faster. That means I'm making a difference faster.

David Pembroke: Where would you put your, where would you put the tax office on say, a maturity scale of sorts? You know, where you? Like, are you early days in, in, rolling out in this area? Obviously in those technical areas, highly sophisticated. Don't have to worry about that. But I'm, more talking about...

Rob Heferen: I think early days.

I think early days.

David Pembroke: Okay. Early days.

Rob Heferen: Early to mid, you know, I think because of our size. Yeah. there's, there are gonna be challenges. we've got very good, our. Sort of people in training areas are very good. Our technologies areas are very good. Our data areas are very good. So it's a question of, okay, we've got all this good capability.

To ensure where our workplace is gonna be properly trained, properly educated. So all that's in, in motion, but just given scale. We've got a lot of people to go through. Yeah.

David Pembroke: Out of 10, what would you give yourself? I think you're gonna give yourself about a 2out of 10, but what would you give the wider organisation?

Rob Heferen: Oh, look, I think, well, we know we're well over five. Oh, yeah, I mean, we're,

David Pembroke: You are dragging the chain,

Rob Heferen: Yeah. Some us who will be dragging the chain. Because I think the, one of the big things with organisations who haven't got a real history in doing this stuff, that all that recognition of that proper governance and date ethics and making sure that what goes into what we're using...if we're using the internet as a tool, we have to be sure that whatever we're putting in there has to be publicly available.

If it's not publicly available it can't go in there. That understanding and knowledge is with us. And now, kind of all public servants, we look at that stuff and say, okay, that's, that makes sense. But because we've got a history of people being, you know, that being drummed into people. I think we start from a pretty high base. But it will be, I think another I, this stuff will happen pretty quickly, but another 12 months, 18 months, it'll be interesting to see where, where we are in that. Yeah.

David Pembroke: So, sort of standing back and looking at the tax office and perhaps going, you know, five years in, into the future, what are the big issues you that got to nail?

To make sure that in five years time, you're fit for purpose, efficient, you're effective, and you're performing at the best possible, you know, in support of the government, in service of the people.

Rob Heferen: Yeah. So there are a couple of strands. One is that we've, pretty soon after came in, we had a capability review done by the Public Service Commission, or some externals supported by the Public Service Commission, organisation operating well, but there are patches where we gotta improve.

And we embarked on a bit of a process of really examining that. and, we came up with saying, yep, we are pretty good across a lot of things, but we are a bit constrained, so we've gotta think bigger. sometimes we're a bit defensive, so we've gotta act bolder. Sometimes we can be a bit siloed.

So we're delivered together. So that 'thing bigger, act bold, deliver together' has been this tagline for us, for our performance evolution. And that's now being properly, kind of properly, you know, geared into the workforce and, we're, you know,

David Pembroke: That's exciting.

Rob Heferen: Yeah. Oh, it's great.

It's great. And, it's one of those things when you're, when we're having discussion with the executive and the team of putting this forward, I think there was sort of these mixed views about, ah, is it a bit too glib? Yeah. And then when we looked in some detail and thought, no, that really,

David Pembroke: the simplicity of it

Rob Heferen: Yeah.

And if you want to get a message out if it's too complicated. Yeah. And when each of them, sort of goes, 'yeah that's right'. Sometimes we do stick to our lane too much. Delivering together is so important.

So all that, I think ideally what we want, I don't know if, David, you've got your ATO app, I would recommend you get the app, you get the high level security so then you are essentially, it's almost resistant to fraud.

It is one of the best. 'cause then when we contact you, it's come through that and you know, it's us. It's a bit like your banking app.

David Pembroke: I, my experience with the tax office as a businessman for years. Like when you go through periods where it's like, Hey, that's just too much. I can't pay that at the moment because of whatever generally my experience has been you ring up and they have a look at your record and they go, well, you know, generally pay your tax.

Say, yeah, no worries. We'll put you on a plan and it's all good. And I've been in business for, oh, God, my whole life. So Yeah.

Rob Heferen: Yeah,

David Pembroke: I'm a fan of the Australian tax system.

Rob Heferen: And, I think that's the people who do, you know, broadly pay and time do the right thing. Yeah. but in our system, most people most of the time do that. Yeah. Some people, and that proportion is growing a bit, actively don't.

Right. They have employees, you know, they withhold the tax from employees. Then they keep it for their working capital. And when it comes time to pay, they don't have it. They charge the GST on their services. again, use it for, you know, current expenditure. Don't hand it over in that situation.

And that's growing. It was sort of happened a bit through COVID, I think, and it's growing and growing Now that with a, salary wage earner, very hard to do that because it's comprehensive withholding. So I wanna get the system to a world where there's as much. Kind of withholding as possible and as much pre-filling as possible.

Yeah. So as an individual, when you go online, we've got information about your salary and wage, we've got information about your bank interest, information about your shares, we can put all that stuff in and basically say to someone, just give it a tick and it's done. Yeah. Imagine a situation where we're gonna have sufficient information to provide that for a business as well.

Yeah. It means a lot of more third party reporting, but we have the technical capability. So in a world where a business person can actually get on and do their love, which is their business, and tax isn't a separate thing they have to do, but we do a heap of stuff, and then the business software does the rest. But there's a big difference between finalising a few things and actually having to do all the work.

David Pembroke: I'll make sure I download my and I think you'll see another tick.

Rob Heferen: people listening to this, that's the one message they take.

Get the ATO app.

David Pembroke: Lsten, we will wrap it up because we could talk all day, but the scoundrels, the people who are doing the wrong thing, you say it's growing, that irritates me as who's doing the right thing and trying to, you know, pay whatever the share is.

Are you, how are you getting after these people and how are you deterring them from, because you do read, you know, occasionally in, in, you know, the financial review or the Australian or or whatever. You read these stories and think how in God's name could that person have accumulated that debt to the tax offers.

Like that just seems to absurd sometimes when you see these huge numbers.

Rob Heferen: Yeah, so the, scoundrelness moniker, there are some genuine scandals about, and, that can be sort of, allied with, you know, nefarious activity. there are also people who just haven't got things in train.

Maybe they started their business in COVID and we didn't take much collection action.

But if people have started like that and that's just the way they've done their business and have never really rectified it, and they're in a situation where they've, you know, they're never in a position to able to get ahead.

And then it just grows, and then they start trying to hide information or not doing the right thing. Sooner or later we find out about it and then of course trying to do something about it is really hard. If the person simply doesn't have the means to pay it, they can't pay it.

So I think that what we need to do is that when we, when people are actually doing the wrong thing, we need to make sure that the, you know, the deliberate non-compliance has consequences. And we'll pursue that. And we pursue that vigorously. Thankfully, that's a relatively small proportion.

David Pembroke: And they do grab the headlines of course and those numbers are huge. And it's like woah.

Rob Heferen: So we'll, keep doing that. And of course, the more information we can get, the easier it is for us to determine where actually income is going astray or deductions are being overclaimed, and then we can do something about it.

David Pembroke: So, final question. You're closer to the end of your career than the beginning. You think back to that moment oh, actually like a good idea. You must look back and think. I've been pretty lucky. I've had a great, career.

Rob Heferen: Oh yeah. I've been very lucky. I've had, opportunities given to me and Itoje be frank, you know, a lot of my period was, 'cause I was you know, I'm a bloke,

that's Anglo Celtic.

Yeah. I love sport. And that's something that a lot of in blokey environments can, you know, can, and I always took that, I played a lot of team sport young, so I'd never really played much tennis, but a lot of cricket at football, rugby, basketball, whatever. And the whole thing about the, I was fortunate to have some ex outstanding coaches and so that sense of, how do I fit in and how do I figure whole?

I think the Now, of course, you can get that in all sorts of, activities, but taking that into the workplace and they're really taking it seriously in the workplace. So I've been lucky, but I've also had those things that people would latch onto. They'd say 'ah you can do this'.

And I was privileged to have my three kids. My wife took the burden, she was the one that worked part-time, so I could work full-time. So I had that really fortunate for me and it worked out for us.

I was in that group of people that did get a lot of privilege in the service, and then just got lucky in a whole range of things.

David Pembroke: How good.

Looking forward to the next few years then.

Rob Heferen: Yes indeed. But, just kicked over two so got another five.

David Pembroke: Well, we'll let you get back to work, but sincerely thank you for your service to the country, obviously have made a huge contribution and best of luck with the next and chasing those scoundrels and down and making the system work.

And again, I'll be interested to know just how your AI. Journey continues in the age of ai, ensuring your organisation is ready to manage cyber has never been more important. So if you want to dive into the foundations of cyber resilience, you can upcoming training course on the 29th of April for APS 4 to EL2 levels or equivalent via the act.ipaa.org.au website.

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But a big thanks to Rob Heferen, the 13th Commissioner of Taxation in Australia, for joining us today, telling us a wonderful story of public service and delighted that he was able to come in to join us in the contentgroup studios today. But that my people is the end of Work with Purpose. We'll be back in a fortnight with another programme, but for the moment, it's bye for now.